

**STATE LOTTERY DEPARTMENT
RICHMOND, VIRGINIA**

**REPORT ON APPLYING AGREED-UPON PROCEDURES
FOR THE PERIOD
APRIL 1, 1999 THROUGH MARCH 31, 2000**

***AUDITOR OF
PUBLIC
ACCOUNTS***



COMMONWEALTH OF VIRGINIA

August 24, 2000

The Members of the Virginia State Lottery Board
900 East Main Street
Richmond, Virginia

Independent Auditor's Report on Applying Agreed-Upon Procedures

We have performed the procedures enumerated below, which were agreed to by the Virginia Lottery Department and the other member lotteries in the states of Georgia, Illinois, Maryland, Massachusetts, Michigan, and New Jersey (referred to as the "Member Lotteries") who operate the Big Game, solely to assist the Virginia Lottery and Member Lotteries with respect to the evaluation of the following financial information associated with the Big Game: Virginia Lottery's sales and prize expense for the period April 1, 1999 through March 31, 2000, and the Virginia Lottery's receivable or payable as of March 31, 2000. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures prescribed below either for the purpose for which this report has been requested or for any other purpose.

The procedures that we performed and our findings are as follows:

- A. We obtained from the Virginia Lottery the "Draw Activity" and the "Fixed Prize Analysis" for the period April 1, 1999 to March 31, 2000, and attached those as Exhibit I and II, respectively. We verified the mathematical accuracy of the schedules.
- B. We randomly selected five drawings from the period April 1, 1999 to March 31, 2000, for testing as indicated in "C", "D", and "E" below.
- C. For each drawing selected, we compared the total amount of sales as shown on the daily sales report produced by the Virginia Lottery's gaming system and the total amount of sales shown on the related daily sales report produced by the Internal Control System (ICS) with the balance listed in the "Sales" column for the respective week on the "Draw Activity" report attached as Exhibit I and found them to be in agreement.

- D. We calculated the total dollar amount of the fixed prizes for the drawings selected based on the total number of winners from the Virginia Lottery's gaming system for each prize level and the prize structure of the Big Game's fixed prizes (as defined in the official game rules). We compared the calculated expense with the amount listed in the "Actual Fixed Prizes" column for the respective drawing on the attached "Draw Activity" report and found them to be in agreement.
- E. For each drawing selected, we compared the amount of sales, actual fixed prizes, and share of fixed prizes shown on the "Draw Activity" report to the amounts shown on the applicable Big Game Prize Settlement Reports and found them to be in agreement.
- F. The amount shown as the total of the actual fixed prizes and the total of the share of fixed prizes on the "Draw Activity" report were compared to the applicable amounts shown on the "Fixed Prize Analysis" (Exhibit II) and found to be in agreement.
- G. For each amount (if any) listed in the "Cost of Jackpot Prizes" column on the attached "Draw Activity" report, we compared the "cost of jackpot prize" amount to the Virginia Lottery's cash disbursement subsidiary records which summarize the funds dispersed to the prize winner and the broker from which the jackpot annuities were purchased and found them to be in agreement.
- H. For each purchase (if any) of investments associated with the jackpot prizes:
 - 1) We obtained broker confirmations and noted that the investments were properly funded solely through the purchase of 100 percent United States Government STRIP Bonds; and
 - 2) We obtained the bid sheets and supporting documentation and noted that the investments were purchased properly through a competitive bidding process involving a minimum of three primary brokerage firms.
- I. We compared the total of the quarterly transfers to the Virginia Lottery for settlement of the fixed prize liability as shown in the Virginia Lottery's cash disbursement subsidiary records to the amount listed in the "Transfers" column on the "Fixed Prize Analysis" report attached as Exhibit II and found them to be in agreement.
- J. We compared the balance listed as the Virginia Lottery's receivable or payable as of March 31, 2000, for the fixed prizes as shown on the "Fixed Prize Analysis" report to the Virginia Lottery's financial accounting records and to the Big Game Prize Settlement Report as of March 31, 2000, and found them to be in agreement.

We were not engaged to, and did not perform an audit or an examination, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion here. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the specified users above and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

AUDITOR OF PUBLIC ACCOUNTS

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The Big Game
Virginia State Lottery Department
Draw Activity
For the Period Ending March 31, 2000

Draw Dates	Sales	Actual Fixed Prizes	Share of Fixed Prizes	Cost of Jackpot Prizes (purchased by Virginia)
04/02/99	\$ 6,470,487	\$ 1,304,839	\$ 1,194,931	\$ -
04/06/99	7,775,524	1,716,993	1,922,336	-
04/09/99	724,141	71,410	270,465	-
04/13/99	566,428	68,036	83,299	-
04/16/99	626,419	247,117	176,026	-
04/20/99	587,997	80,603	90,811	-
04/23/99	624,754	67,246	88,169	-
04/27/99	619,302	54,535	63,357	-
04/30/99	710,423	247,805	132,897	-
05/04/99	686,418	70,618	112,557	-
05/07/99	759,887	390,900	145,377	-
05/11/99	748,821	76,688	124,755	-
05/14/99	917,054	94,011	139,897	-
05/18/99	889,479	116,715	205,219	-
05/21/99	1,019,457	120,158	174,891	-
05/25/99	1,037,997	99,881	191,569	-
05/28/99	523,744	81,393	153,808	-
06/01/99	443,215	48,892	50,550	-
06/04/99	539,572	64,937	114,695	-
06/08/99	517,584	60,672	66,173	-
06/11/99	449,413	51,870	98,396	-
06/15/99	417,708	62,851	74,558	-
06/18/99	484,663	46,657	80,455	-
06/22/99	453,642	36,698	42,775	-
06/25/99	530,743	37,303	85,553	-
06/29/99	530,466	55,071	134,774	-
07/02/99	661,629	85,796	123,606	-
07/06/99	597,135	68,406	114,665	-
07/09/99	723,103	75,958	94,468	-
07/13/99	729,707	75,251	125,734	-
07/16/99	869,770	118,578	228,102	-
07/20/99	943,273	251,120	133,640	-
07/23/99	1,159,904	143,097	179,521	-
07/27/99	1,337,765	159,565	200,048	-
07/30/99	1,783,962	339,645	320,000	-
08/03/99	2,540,295	560,056	394,591	-
08/06/99	556,364	59,461	87,616	-

Exhibit I, cont.

Draw Dates	Sales	Actual Fixed Prizes	Share of Fixed Prizes	Cost of Jackpot Prizes (purchased by Virginia)
08/10/99	\$ 504,883	\$ 46,220	\$ 188,612	\$ -
08/13/99	588,946	49,056	69,708	-
08/17/99	568,933	52,015	81,634	-
08/20/99	658,752	80,872	117,059	-
08/24/99	457,969	62,969	60,992	-
08/27/99	504,459	45,144	80,972	-
08/31/99	487,734	202,766	70,632	-
09/03/99	572,791	197,898	68,531	-
09/07/99	521,129	201,405	83,763	-
09/10/99	622,744	71,628	118,028	-
09/14/99	607,744	67,023	82,113	-
09/17/99	640,311	61,365	70,783	-
09/21/99	653,031	65,395	104,482	-
09/24/99	454,865	42,981	61,512	-
09/28/99	390,863	44,391	55,392	-
10/01/99	456,534	46,091	77,669	-
10/05/99	445,053	54,575	61,807	-
10/08/99	498,911	194,741	102,188	-
10/12/99	480,029	45,709	88,493	-
10/15/99	568,055	58,666	102,604	-
10/19/99	559,256	68,507	104,272	-
10/22/99	639,154	58,235	98,794	-
10/26/99	624,364	62,070	98,837	-
10/29/99	754,409	79,685	167,592	-
11/02/99	788,690	243,285	175,396	-
11/05/99	965,294	121,156	154,561	-
11/09/99	1,048,419	109,438	149,132	-
11/12/99	486,453	196,388	62,459	-
11/16/99	426,180	39,940	54,651	-
11/19/99	481,924	45,189	75,923	-
11/23/99	474,731	248,982	282,610	-
11/26/99	401,819	40,198	53,943	-
11/30/99	410,413	46,999	65,779	-
12/03/99	459,067	60,210	56,266	-
12/07/99	444,554	41,485	57,490	-
12/10/99	495,514	207,162	96,170	-
12/14/99	498,450	55,880	66,485	-
12/17/99	577,830	87,722	78,032	-
12/21/99	587,975	61,861	109,676	-
12/24/99	698,797	68,175	91,351	-
12/28/99	652,874	73,008	100,094	-
12/31/99	951,796	95,236	128,784	-
01/04/00	397,526	45,274	53,644	-

Exhibit I, cont.

Draw Dates	Sales	Actual Fixed Prizes	Share of Fixed Prizes	Cost of Jackpot Prizes (purchased by Virginia)
01/07/00	\$ 436,996	\$ 53,785	\$ 107,805	\$ -
01/11/00	420,874	41,642	75,696	-
01/14/00	482,753	53,023	80,370	-
01/18/00	437,739	42,882	92,256	-
01/21/00	520,080	66,875	74,627	-
01/25/00	371,148	36,583	93,416	-
01/28/00	385,526	34,130	61,145	-
02/01/00	362,207	25,257	43,876	-
02/04/00	445,838	45,381	71,195	-
02/08/00	441,866	47,348	56,440	-
02/11/00	495,225	49,719	63,619	-
02/15/00	366,032	212,670	119,256	-
02/18/00	414,695	44,429	65,212	-
02/22/00	401,452	35,714	55,207	-
02/25/00	462,686	52,244	73,695	-
02/29/00	455,261	52,102	81,075	-
03/03/00	544,896	72,049	120,329	-
03/07/00	377,968	29,976	108,077	-
03/10/00	412,073	42,831	43,404	-
03/14/00	395,703	49,098	106,966	-
03/17/00	468,757	50,441	61,641	-
03/21/00	442,046	57,483	58,271	-
03/24/00	513,398	189,571	101,372	-
03/28/00	524,700	60,400	53,171	-
03/31/00	616,479	85,604	105,457	-
TOTAL	<u>\$77,263,868</u>	<u>\$12,689,064</u>	<u>\$14,122,777</u>	<u>\$ -</u>

The Big Game
Virginia State Lottery Department
Fixed Prize Analysis
For the Period Ending March 31, 2000

State	Balance as of April 1, 1999 Receivable (Payable)	Actual Fixed Prizes	Share of Fixed Prizes	Quarterly/ Yearly Settlement Transfers	Balance as of March 31, 2000 Receivable (Payable)
Georgia	\$ (1,334,603)	\$ 33,888,008	\$ 32,773,832	\$ 903,417	\$ 682,990
Illinois	965,093	33,944,684	33,981,750	(1,497,158)	(569,131)
Massachusetts	(138,791)	16,507,655	16,581,823	439,217	226,258
Maryland	(478,569)	9,334,708	10,054,343	875,259	(322,945)
Michigan	351,568	28,443,046	27,244,347	(374,434)	1,175,833
New Jersey	-	25,239,830	25,288,123	-	(48,293)
Virginia	635,302	12,689,064	14,122,777	(346,301)	(1,144,712)
TOTAL	\$ -	\$ 160,046,995	\$ 160,046,995	\$ -	\$ -

